

**ASARCO Phase 2 Consent Decree**  
**EMS and Compliance Audit Language**  
**and Company Compliance Audit Procedures**

**DEFINITIONS (selected)**

Acceptable shall mean that the quality of submittals or completed work is sufficient to warrant the TNRCC and/or the EPA review in order to determine whether the Submittal or work meets the terms and conditions of this Decree, including attachments, guidance documents, approved work plans and/or the TNRCC's or the EPA's written comments. Acceptability of submittals or work, however, does not necessarily imply that they will be approved. Approval by the TNRCC and/or the EPA, of submittals or work, however, establishes that those submittals were prepared, or work was completed, in a manner acceptable to the TNRCC and/or the EPA.

AMS Standard shall mean, for purposes of this Decree only, the ASARCO Management System Standard dated November 17, 1997 attached to the Consent Decree entered in case number CV-98-3-H-CCL by the United States District Court for the District of Montana on May 5, 1998 and any future revisions thereto - which affect ASARCO's obligations under this Decree as identified and described more fully in Paragraphs 62-79 below. This shall not be construed to prevent ASARCO from modifying its AMS Standard for all other purposes.

ASARCO Operations shall mean unit(s) and complex(es) listed in Exhibit 8, which is incorporated by reference into this Consent Decree.

Environmental Compliance Auditing Procedures shall mean, for purposes of this Decree only, the ASARCO Environmental Compliance Auditing Procedures, Exhibit 9 hereto (and any future revisions thereto - which affect ASARCO's obligations under this Decree as identified and described more fully in Paragraphs 62 to 79 below - upon mutual agreement of the parties and approval of the Court), which describes the corporate-wide environmental compliance audit program. This shall not be construed to prevent ASARCO from modifying its Environmental Compliance Audit Procedures for all other purposes.

EPA shall mean the United States Environmental Protection Agency, and any successor departments or agencies of the United States.

EMS Policy shall mean, for purposes of this Decree only, the Environmental Management System Policy dated December 12, 1997 attached to the Consent Decree entered in case number CV-98-3-H-CCL by the United States District Court for the District of Montana on May 5, 1998 (and any future revisions thereto - which affect ASARCO's obligations under this Decree as identified and described more fully in Paragraphs 62-79 below). This shall not be construed to prevent ASARCO from modifying its EMS Policy for all other purposes.

Environmental Management System (EMS) shall mean the comprehensive corporate-level environmental management system required by and detailed in Paragraphs 152 through 174 of the Consent Decree entered in case number CV-98-3-H-CCL by the United States District Court for the District of Montana on May 5, 1998.

Environmental Requirements shall mean all applicable federal, state, and local environmental statutes and regulations, including permits and enforceable agreements between Settlers and the respective environmental regulatory agencies.

#### ENVIRONMENTAL MANAGEMENT SYSTEMS AUDITS

1. ASARCO shall develop and implement a five-year EMS audit program to assess whether an effective Environmental Management System (EMS) is being implemented at each ASARCO Operation listed in Exhibit 8. This program will commence effective January 1, 2000. The EMS audit program, as further described in the following Paragraphs, is structured into three phases with specific progressive objectives for each phase. The primary objective of the Phase 1 audits (first two audits of this program) shall be to provide ASARCO with feedback on EMS implementation progress, and with information needed for planning future improvements. ASARCO's goal is to have substantially implemented an EMS at its Operations listed in Exhibit 8 before the third audit year of this program. The primary objectives of the Phase 2 and Phase 3 audits shall be: (a) to assess the EMS at each ASARCO Operation listed in Exhibit 8 to determine whether its implementation by ASARCO meets the criteria defined by the AMS Standard and ASARCO EMS Policy; (b) to identify any issues that may require further improvements or evaluations; and (c) to determine if the EMS is being maintained, and that continuous improvement has been institutionalized.
2. ASARCO shall ensure that the auditors performing the EMS audits and drafting the audit reports, required by this Consent Decree, are qualified, meaning that they satisfy the requirements of ISO 14012 (First edition, 1996-10-01) before conducting any of the audits required by this Decree, with the exception that on-the-job training shall be completed during the first three years after this Decree is entered with the Court. Classroom training shall include successful completion of an accredited ISO 14000 auditing course or equivalent within two (2) years after entry of this Decree by the Court. ASARCO shall identify any and all site-specific training requirements for the auditors so they can effectively and safely conduct the required audits and shall ensure that their training is completed prior to conducting an audit.
3. ASARCO shall employ at least six (6) qualified auditors within the Operations listed in Exhibit 8 or the ASARCO Technical Services Center. These qualified auditors shall compose the group from which the audit teams shall be selected for conducting the company-led EMS audits required by this Decree. Each audit team for Phase II audits shall have at least two (2) qualified auditors, one of which is designated and qualifies as a Lead Auditor, and neither of which is from the Operation being audited. Other qualified auditors or auditors in training from elsewhere in ASARCO may participate or assist in the audits.

4. As part of the audit program specified in Paragraph 65 above, ASARCO shall conduct or have conducted EMS audits at each ASARCO Operation listed in Exhibit 8 in accordance with subparagraphs A through C, below. General audit requirements are further identified in Paragraphs 69 and 70.

A. Phase 1 - Audit Years 1 and 2 ( 2000 and 2001). These EMS audits shall be conducted by qualified auditors, as described by Paragraphs 66 and 67, at each ASARCO Operation listed in Exhibit 8. These audits shall incorporate the following provisions and the objective shall be as stated in Paragraph 65.

1. To verify progress on those elements addressed by each Operation's EMS Development Plan (EMS Development Plans are required by Paragraphs 165 and 166 of the ASARCO Montana Consent Decree, Civil Action No. 98-3-H-CCL);
2. To evaluate, where systems have been implemented, conformance to the environmental criteria specified in the AMS Standard and ASARCO Environmental Management System Policy; and
3. To determine whether ASARCO is effectively communicating environmental requirements to affected parts of the organization, including contractors and on-site service providers.

B. Phase 2 - Audit Years 3, 4 and 5 (2002, 2003, and 2004). These annual EMS audits shall be conducted by qualified auditors, as described by Paragraphs 66 and 67, at each ASARCO Operation listed in Exhibit 8. These audits shall incorporate the following provisions and shall be conducted in accordance with ISO 14011 (First edition, 1996-10-01), using ISO 14010 (First edition, 1996-10-01) as supplemental guidance. Each audit's objectives shall be as stated in Paragraph 65.

The EMS audit shall encompass an evaluation of the adequacy of EMS implementation, from the Operation's manager down through the Operation. The auditors shall determine conformance of the EMS with the AMS Standard and ASARCO EMS Policy, by assessing the following:

1. Whether there is a defined program or planned task for the EMS element;
2. Whether the program or task has been implemented, is being maintained, and to what extent;
3. Adequacy of each Operation's internal self-assessment procedures for programs and tasks composing the EMS;
4. Whether ASARCO is effectively communicating environmental requirements to affected parts of the organization, including contractors and on-site service providers;
5. Whether further improvements should be made to the EMS; and,
6. Whether there are observed deviations from ASARCO's written requirements or procedures.

C. Phase 3 - Audit Years 4 and 5 (2003 and 2004). By the end of Phase 3, one EMS audit shall be conducted at each Operation listed in Exhibit 8. ASARCO shall contract for a qualified, independent, third-party auditor(s) (Contract Auditor) to conduct these audits. The Contract Auditor will be selected and paid by ASARCO. ASARCO shall provide a copy of this Consent Decree to each Contract Auditor who is retained to conduct any of the EMS audits required by this Consent Decree. Not later than 30 days before the first audit conducted by the Contract Auditor, ASARCO shall provide to EPA in writing: (1) the name, affiliation and address of the Contract Auditor(s) selected by ASARCO to conduct the Phase 3 audits at each Operation listed in Exhibit 8 and (2) demonstrate how the selected Contract Auditor satisfies the qualification requirements of ISO 14012 (First edition, 1996-10-01). Each Contract Auditor must be capable of exercising the same independent judgment and discipline that a certified public accounting firm would be expected to exercise in auditing a publicly held corporation.

The audits conducted by the Contract Auditor shall conform to the requirements stated in Paragraph 68 B above, and shall not be conducted concurrently with the Phase 2 audits. The Contract Auditors may also report on areas of concern identified during the course of the audits, that, in their judgement, merit further review or evaluation for potential environmental or regulatory impacts.

5. ASARCO shall prepare and provide to EPA, by January 31 of each year of the Phase 2 and 3 audit programs required by this Consent Decree, a schedule indicating the month during which the EMS audit will be conducted at each ASARCO Operation. The schedule may be revised by ASARCO, provided the required EMS audits are conducted in accordance with this Consent Decree.

6. For each EMS audit in Phase 2 and Phase 3, ASARCO shall prepare, or have prepared, a written EMS Audit Plan, Audit Report, and EMS Audit Action Plan for the Operation. Each Action Plan shall be developed in a timely fashion and corrective actions shall be implemented in an expeditious manner.

7. ASARCO shall prepare an Annual Report for the Phase 2 and 3 EMS audits required by this Consent Decree. The Annual Report shall be submitted to EPA by January 31 of the year following the year in which the audits were conducted (i.e., reports are due in 2003, 2004, and 2005). The report shall list the dates and locations at which audits were conducted, the personnel who conducted each audit, and the date the Action Plan was drafted. It shall also contain a certification by a responsible corporate officer that all required audits were conducted in accordance with the provisions of this Decree.

#### COMPLIANCE AUDITS

8. ASARCO shall conduct a five-year compliance audit program to assess ASARCO's compliance at all ASARCO Operations listed in Exhibit 8. This program will commence effective January 1, 2000. ASARCO shall follow the Environmental Compliance Auditing Procedures, attached hereto as Exhibit

9, when conducting these compliance audits at ASARCO Operations.

9. ASARCO shall ensure that the auditors performing the environmental compliance audits and drafting the audit reports, required by this Consent Decree, are qualified, meaning that they satisfy the requirements of ISO 14012 (First edition, 1996-10-01) before conducting any of the audits required by this Decree, with the exception of the on-the-job training requirements. All lead auditors shall satisfy the on-the-job training requirements before conducting any of the audits required by this Decree. Classroom training may include internally developed instruction on environmental compliance auditing. ASARCO shall identify any and all site-specific training requirements for the auditors so they can effectively and safely conduct the required audits and shall ensure that their training is completed prior to conducting the audit.

10. ASARCO shall employ at least six (6) qualified auditors within the Operations listed in Exhibit 8 of the ASARCO Technical Services Center. These qualified auditors shall compose the group from which the audit teams shall be selected for conducting the company-led environmental compliance audits required by this Decree. Each audit team shall have at least two (2) qualified auditors, one of which is designated and qualifies as a Lead Auditor, and neither of which is from the Operation being audited. Other qualified auditors or auditors in training from elsewhere in ASARCO may participate or assist in the audits.

11. ASARCO shall prepare and provide to EPA an annual schedule indicating the month during which the compliance audit will be conducted at each ASARCO Operation, by January 31 of each year, beginning in 2000 and ending in 2004. The schedule may be revised by ASARCO, provided the required compliance audits are conducted in accordance with this Consent Decree. The general audit schedule shall be as follows, for Operations listed in Exhibit 8.

<u>YEAR</u>	<u>OPERATIONS AUDITED</u>
2000	Group 1
2001	Groups 1 and 2
2002	Group 1
2003	Groups 1 and 2
2004	Group 1

12. ASARCO shall develop Audit Reports and Action Plans for each environmental compliance audit required by this Decree in accordance with the provisions of the Environmental Compliance Auditing Procedures. Each Action Plan shall be developed in a timely fashion and corrective actions shall be implemented in an expeditious manner.

13. ASARCO shall submit annual reports to EPA containing a certification by a responsible corporate officer that the compliance audits conducted during the reporting period pursuant to this Decree, were performed in accordance with the Environmental Compliance Auditing Procedures and in accordance with the provisions of this Decree for all ASARCO Operations listed in Exhibit 8 audited during the reporting year. The Annual Reports shall be submitted to EPA by January 31 each year, beginning in

2001 and ending in 2005. The report shall list the dates and locations at which audits were conducted, the personnel who conducted each audit, and the date the Action Plan was written.

14. ASARCO shall enter into a contract with a qualified, independent, third-party audit consultant (hereafter, "Consultant Auditor") to conduct all Compliance Audit Program Conformance Reviews of ASARCO's environmental compliance audits required by this Decree. The objective of these Conformance Reviews shall be to determine if ASARCO's compliance audits are being conducted in conformance with the Environmental Compliance Auditing Procedures and the following provisions.

A. Compliance Audit Program Conformance Review Schedule - The Conformance Reviews shall be conducted in accordance with the following schedule.

<u>YEAR</u>	<u>COMPLIANCE AUDITS</u>	<u>CONFORMANCE REVIEWS*</u>	
		<u>GROUP 1</u>	<u>GROUP 2</u>
2001	Groups 1 and 2	2	2
2002	Group 1	2	0
2003	Groups 1 and 2	2	1
2004	Group 1	1	0

\* For Group 1 Operations, a Conformance Review of the environmental compliance audits at the East Helena Lead Smelter and the Encycle/Texas Plant shall be conducted twice during the 5-year compliance audit program required by this Decree. For Group 2 Operations, one of the Conformance Reviews shall be conducted on a compliance audit of the Tennessee Mines Division conducted during the compliance audit program required by this Decree. The Consultant Auditor shall select other Operations whose compliance audits will be reviewed for conformance with the Environmental Compliance Auditing Procedures.

B. Selection of Consultant Auditor

ASARCO, within sixty (60) days of the entry by the Court of this Consent Decree, shall propose to EPA for approval, the selection of an independent Consultant Auditor who meets the qualification requirements of ISO 14012 (First edition, 1996-10-01); and has expertise and competence in the regulatory programs under federal and state environmental laws. The Consultant Auditor will be paid by ASARCO. The Consultant Auditor must not directly own

any stock in ASARCO or in any parent or subsidiary, and must have no other direct financial stake in the outcome of the compliance audits conducted by ASARCO pursuant to this Consent Decree. The Consultant Auditor must be capable of exercising the same independent judgment and discipline that a certified public accounting firm would be expected to exercise in auditing a publicly held corporation. If ASARCO has any other contractual relationship with the Consultant Auditor, ASARCO shall disclose to EPA such past or existing contractual relationships. EPA will notify ASARCO in writing of its approval or disapproval as expeditiously as possible. If, in EPA's judgment, such past or existing relationship would affect the Consultant Auditor's ability to exercise the independent judgment and discipline required to conduct the Compliance Audit Program Conformance Review, such Consultant Auditor shall not be retained by ASARCO and another Consultant shall be proposed within thirty (30) days of ASARCO's receipt of EPA's determination. If ASARCO wishes to contract a new Consultant Auditor, ASARCO shall notify EPA in writing and provide an explanation for the change, and shall propose another Consultant Auditor to EPA for approval. Any subsequent Consultant Auditor must satisfy the qualification requirements of this Paragraph.

C. Conformance Review Workplan

ASARCO shall provide a copy of this Consent Decree to each Consultant Auditor who is retained to conduct any of the conformance reviews required by this Consent Decree. Within sixty (60) days prior to the beginning of the first Conformance Review, the Consultant Auditor shall prepare and submit to ASARCO and EPA, for review and comment, a proposed Workplan for the Compliance Audit Program Conformance Review. The proposed Workplan shall specify the Consultant Auditor's plan for conducting the conformance reviews, and shall be designed to meet the objectives and criteria set forth in this Part. The Workplan shall describe the procedure for annually selecting the Operations whose compliance audits will be reviewed for conformance with the Environmental Compliance Auditing Procedures. The Consultant Auditor shall follow the approved workplan when selecting Operations' audits and conducting the Conformance Reviews required by this Decree. ASARCO shall cooperate with the Consultant Auditor in connection with the preparation and submission of this Workplan, and its subsequent execution. ASARCO shall provide the Consultant Auditor documents necessary for conducting the conformance review, including, but not limited to, audit procedures, reports, and action plans, as well as access to audited Operations and staff participating in the compliance audits.

D. Compliance Audit Program Conformance Review Report Submittal

The Consultant Auditor shall prepare and submit a Conformance Review Report to ASARCO in a timely fashion. ASARCO, thereupon, shall submit the Conformance Review Report prepared by the Consultant Auditor to EPA by January 31 each year, beginning in 2001 and ending in 2005. This report shall describe ASARCO's conformance and instances of non-

conformance with the Environmental Compliance Auditing Procedures, and shall contain the following information listed in ISO 14010 (First Edition, 1996-10-01), Section 4.7 (“Audit Report”).

1. The identification of the Operations reviewed by the Consultant Auditor;
2. The objectives and scope of the Conformance Review;
3. The criteria against which the Conformance Review was conducted;
4. The period covered by the Conformance Review and the date(s) it was conducted;
5. The identification of the Conformance Review team members;
6. The identification of the ASARCO representatives participating in the Conformance review;
7. A statement of the confidential nature of the contents;
8. The distribution for the Conformance Review Report
9. A summary of the Conformance Review process, including any obstacles encountered; and
10. The conclusions of the Conformance review, including the conformance and instances of non-conformance, if any, with the Environmental Compliance Auditing Procedures; the timeliness and thoroughness of the compliance audits, whether an Action Plan was developed and implemented, and whether the Action Plan was effective when completed.



**ASARCO Compliance Audit Procedures  
Attached to Consent Decree**

# **OBJECTIVES AND SCOPE OF THE ENVIRONMENTAL COMPLIANCE AUDIT PROGRAM**

Document Number: ENV-800-G-PY-001

## **1. Purpose**

This document defines the objectives and scope of Asarco's environmental compliance audit program.

## **2. Scope**

This policy applies to Asarco's internal environmental compliance audit program, managed by a Technical Services Center project manager at the direction of the Legal Department.

## **3. Definitions**

3.1 Environmental Compliance Audit: An environmental compliance audit is an objective, systematic examination of unit facilities, processes, procedures, and practices to verify whether they comply with legal requirements, internal policies, and accepted practices.

3.2 Audit Finding: An audit finding is primarily an exception-based, written summary of one or more non-conformances noted during an environmental compliance audit. A finding may also include an area of concern identified during the course of the audit that, in the auditor's judgement, merits further review or evaluation for potential environmental or regulatory impacts.

3.3 Applicable Regulatory Requirements: Applicable regulatory requirements are existing, new, and changing federal, state, and local environmental statutes and regulations, including permits and enforceable agreements between Asarco and respective environmental regulatory agencies.

3.4 Accepted Best Management Practice (BMP): A best management practice is a method of handling a potential environmental risk that incorporates a policy, procedure, equipment, and or personnel to go beyond compliance—either by managing a risk in a manner that exceeds the applicable regulatory requirements or by managing a risk not subject to regulatory requirements. To be an *accepted* BMP, the method must be effectively employed by another facility within the industry or commonly employed by facilities outside the industry.

## **4. Responsibility**

4.1 Environmental compliance audits are to be conducted in accordance with ENV-800-G-PR-001, using established ASARCO Environmental Compliance Audit Protocols.

## **5. References/Appendices**

5.1 Environmental Safety and Health Policy

5.2 ENV-400-G-PY-002: Environmental Management System Policy

5.3 ENV-800-G-PR-001: Environmental Compliance Auditing

5.4 ASARCO Environmental Compliance Audit Protocols

## **6. Policy**

6.1 In support of the objectives outlined in Asarco's Environmental, Safety and Health Policy and the requirements of Asarco's Environmental Management System Policy, the objectives of the environmental compliance audit program are:

6.1.1 To verify independently each unit's compliance with applicable regulatory requirements, company policies, and accepted best management practices on a periodic basis.

6.1.2 To report audit findings expeditiously to the appropriate managers and, if required or voluntarily disclosed, to the appropriate regulatory agency(ies).

6.1.3 To resolve every audit finding in a timely fashion by correcting its root cause.

6.1.4 To expand unit environmental staff's knowledge of environmental requirements and environmental management practices through participation in audits of other units.

6.1.5 To spread environmental knowledge and good environmental management practices from one unit to another.

6.2 The scope of the audits includes the following regulatory areas, where applicable:

### **Air**

Air Pollution Control

Asbestos Management (complementary to safety and health audits)

### **Water**

Water Pollution Control (including Stormwater Management)

Drinking Water Management

### **Waste**

Solid and Hazardous Waste Management

Underground Injection Control

### **Storage Tanks**

Spill Prevention and Control (including Aboveground Storage Tanks)

Underground Storage Tanks

### **DOT**

Hazardous Materials Transportation

### **TSCA**

TSCA Management

PCB Management

### **CERCLA/EPCRA**

(including SARA Sections 302 and 303, Tier I/II Reporting, and Form R/TRI Toxic Chemical Release Reporting)

### **FIFRA**

**Other Applicable Federal Requirements,)**

**Specific State/Local Requirements**

**Process Evaluations**

To verify identification of wastestreams and emission points (review process flow diagrams and regulatory interpretations)

**7. Records/Reports**

None

**8. Revision History/Reason for Change**

8.1 This is the first version of this document.

# **ENVIRONMENTAL COMPLIANCE AUDITING**

**Document Number: ENV-800-G-PR-001**

## **1. Purpose**

This document defines the procedure for conducting environmental compliance audits.

## **2. Scope**

This procedure applies to audits conducted as part of Asarco's internal environmental compliance audit program, managed by a Technical Services Center project manager at the direction of the Legal Department. This procedure is intended to provide appropriate quality assurance and quality control (QA/QC) for this program by ensuring that the environmental compliance audits are properly staffed, planned, and conducted in accordance with ASARCO Environmental Compliance Audit Protocols, that draft audit reports are thoroughly reviewed, appropriate action plans are expeditiously developed and implemented, and that audit quality is high and consistent. Supplemental QA/QC activities not specifically addressed here include management systems audits; team lawyer annual reviews; and continuing oversight by the division environmental oversight coordinators, division environmental managers, and the unit environmental managers, for which they are responsible and accountable.

## **3. Definitions**

3.1 None

## **4. Responsibility**

4.1 The assigned Technical Services Center project manager is responsible for scheduling audits and selecting qualified auditors independent of the unit being audited in accordance with ENV-800-G-PR-002, pre-audit preparation in accordance with ENV-800-G-PR-003, and giving guidance and support to the audit teams as needed.

4.2 The audit team leader is responsible for serving as the main team contact, pre-audit preparation in accordance with ENV-800-G-PR-003, leading the on-site opening and closing meetings, participating as an auditor, giving guidance and support to the rest of the audit team as needed, collecting the audit notes, and writing and issuing the audit report at the direction of the audit team lawyer in accordance with ENV-800-G-PR-004.

4.3 The audit team lawyer is responsible for pre-audit preparation in accordance with ENV-800-G-PR-003, participating as an auditor, assisting the team in interpretation of legal issues, consulting with outside counsel as necessary, and advising the audit team leader in writing and issuing the audit report in accordance with ENV-800-G-PR-004.

4.4 For each audit in the division he/she oversees, when not acting as the audit team leader, the environmental oversight coordinator is responsible for acting as an audit team advisor: assisting the project manager with scheduling audits and selecting auditors in accordance with ENV-800-

G-PR-002, assisting the audit team leader with pre-audit preparation in accordance with ENV-800-G-PR-003, participating as an auditor and reviewing the unit's, action plan and implementation progress in accordance with ENV-800-G-PR-005.

4.5 Each auditor is responsible for pre-audit preparation in accordance with ENV-800-G-PR-003 and participation in the audit.

4.6 The unit manager is responsible for pre-audit preparation in accordance with ENV-800-G-PR-003, facilitating the site visit, and drafting and implementing an action plan in accordance with ENV-800-G-PR-005.

4.7 For each audit of a unit he/she oversees, the unit manager's immediate supervisor is responsible for approving the unit's action plan and for reviewing the unit's implementation progress in accordance with ENV-800-G-PR-005.

4.8 For each audit of a unit in the division he/she oversees, the division environmental manager is responsible for reviewing the draft audit report in accordance with ENV-800-G-PR-004 and for reviewing the unit's progress in implementing its action plan in accordance with ENV-800-G-PR-005.

## **5. References/Appendices**

References 5.1 and 5.2 are format examples subject to changes and are not included in this Decree.

5.3 ASARCO Environmental Compliance Audit Protocols

5.4 ENV-800-G-PY-001: Objectives and Scope of the Environmental Compliance Audit Program

5.5 ENV-800-G-PR-002: Environmental Compliance Audit Scheduling and Auditor Selection

5.6 ENV-800-G-PR-003: Pre-Audit Preparation for Environmental Compliance Audits

5.7 ENV-800-G-PR-004: Environmental Compliance Audit Report Contents, Distribution, and Document Control

5.8 ENV-800-G-PR-005: Environmental Compliance Audit Follow-up/Action Plans

5.9 Little, A.D., 1996, *EHS Auditing: Fundamentals, Skills, and Techniques*

## **6. Procedure/Work Instruction**

6.1 Each unit is reviewed for compliance in the applicable regulatory areas (see ENV-800-G-PY-001) at least once every two years, either via one full-scope environmental compliance audit or multiple partial-scope environmental compliance audits.

6.2 On an on-going basis, the Technical Services Center project manager, at the direction of the legal department, works with the units and audit teams to schedule and plan environmental compliance audits.

6.2.1 Each audit team is comprised of a team leader, team lawyer, the appropriate division environmental oversight coordinator, when not acting as the audit team leader, and at least

one more auditor, selected in accordance with ENV-800-G-PR-002.

6.2.2 Pre-audit preparation is done in accordance with ENV-800-G-PR-003.

### **6.3 Opening Meeting**

The audit begins with an on-site opening meeting, chaired by the audit team leader, attended by the audit team, unit manager, and other appropriate personnel.

6.3.1 The unit provides the audit team with an overview of operations and environmental issues.

6.3.2 The audit team leader outlines the audit process. The following items are typically addressed:

- Purpose and scope of the audit
- Team member assignments
- General agenda of the audit
- Arrangements for staff interviews, as necessary
- Document control
- Arrangements for the closing meeting (time, place, teleconferencing of senior management, etc.)

6.4 After the opening meeting, the team leader confirms arrangements for safety equipment, safety training (if necessary), and work space for the team.

### **6.5 Initial Tour**

The unit provides the audit team with a site plot plan and an initial tour of the facilities. The auditors gain a general orientation to the unit, including its layout and size, location of operations, location of activities pertaining to the audit scope, and location of employees whom may need to be interviewed. For guidance, the auditors should take along the site plot plan and “Table 2: Tour Checklist” from the ASARCO Environmental Compliance Audit Protocols.

6.5.1 If all facilities within the unit are close, the team uses the initial tour for obtaining an overview only. The auditors keep track of areas they will need to revisit individually later in the audit.

6.5.2 If the unit is spread out, the initial tour may serve as the main inspection. In this case, the auditors take detailed notes on remote areas to minimize the number of times they will need to revisit those areas of the unit.

### **6.6 Understanding Management Systems**

Using “Step 1: Understand Management Systems” from the ASARCO Environmental Compliance Audit Protocols as a

guide, the auditors develop a detailed understanding of the unit’s overall approach to managing its regulatory obligations. This helps the auditors to:

- Prioritize the audit topics they are to review
- Determine who the key personnel are for each environmental topic
- Gain insights regarding how effectively each environmental topic is being managed
- Establish a context for evaluating audit results
- Identify potential underlying causes that contribute to compliance-related deficiencies

The specific objectives of this step are to understand:

- How the unit has evaluated the applicability of existing regulatory standards to unit operations
- Types of unit procedures that exist to implement compliance activities
- Whether compliance management roles and responsibilities are clearly understood
- Types of programs or activities used to familiarize staff with environmental compliance information
- How the unit maintains and documents the effectiveness of their environmental compliance activities

### **6.7 Gathering Audit Evidence**

Once the auditors feel that they have a good understanding of the unit's management system, usually by the end of the first day or beginning of the second day, they begin to gather audit evidence. This step is the main focus of the audit and typically takes more time to accomplish. Using "Step 2: Gather Audit Evidence" from the ASARCO Audit Protocol(s) as a guide, the auditors evaluate and prioritize what needs to be done and begin gathering evidence by reviewing records, interviewing employees, and revisiting areas of the unit, as necessary. It is crucial that the auditors keep good notes on what they find, source(s) of information, and sampling strategies used in gathering evidence.

### **6.8 Evaluating Audit Findings**

As the auditors complete gathering audit evidence for a topic or a group of topics, each one reviews the actions taken to ensure that sufficient and appropriate data have been gathered, working independently on his/her assigned topics and using "Step 3: Evaluate Audit Findings" from the ASARCO Audit Protocol(s) as a guide.

6.8.1 The auditors first make sure they have correctly identified the regulatory and internal requirements relevant to the particular topic(s).

6.8.2 They summarize their conclusions regarding the facility's compliance status for the topic(s).

6.8.3 They make sure they have collected an appropriate mix of relevant physical, testimonial, and documentary evidence. In order to be sufficient to support an audit finding, audit evidence must be relevant, objective, and persuasive.

6.8.4 They review and discuss any unresolved compliance issues with appropriate facility personnel.

6.8.5 They develop written lists of their exceptions and observations to use as a basis for discussion with other team members prior to the closing meeting.

### **6.9 Summarizing Findings as a Team**



The audit team develops a comprehensive, written list of all audit findings and types of supporting evidence for presentation and discussion at the closing meeting. If the auditors evaluating their results individually all finish at the same time, the team should sit down as a group to discuss and summarize their findings. An alternate approach is for the team leader and team lawyer to summarize findings and types of supporting evidence with each auditor, as each one is finished.

6.9.1 The team critically reviews the auditors' conclusions to confirm that all findings are substantiated by the evidence collected.

6.9.2 The team prepares written findings to present to the unit at the closing meeting. Because the written findings provide the basis for the closing meeting discussion, it is imperative that the team is careful to write each finding clearly and concisely and to make sure that the findings are factually accurate and adequately supported by evidence. At the discretion of the team leader, some issues may be held to present verbally, such as issues noted that are isolated anomalies, outside of the audit scope, or very minor.

6.9.3 In reviewing the findings, the team must look for situations where multiple findings listed relate to one basic problem, possibly representing a system deficiency. At the discretion of the team leader, such findings may be grouped into one finding that points to a more common problem. For example, the audit team may have several findings all related to training, which point to one underlying management systems deficiency: that the unit has insufficient means to identify and track environmental training.

6.10 Prior to the closing meeting, the audit team should review the written findings with the unit employee(s) responsible for environmental compliance. He/she will want to know what the team plans to present to the unit manager before it happens. Also, he/she might have questions/comments on the findings that the team needs to clarify prior to the closing meeting.

### **6.11 Closing Meeting**

At the end of the audit, the audit team meets with unit manager and other appropriate personnel to share all of their findings and observations. This gives the unit a preview of the audit report and allows for a final, pre-report confirmation that each of the findings is legitimate and factual.

6.11.1 To open the meeting, the team leader should:

- Thank facility personnel for their help, support, and cooperation
- Briefly summarize the audit goals, scope, and approach
- Clarify that this meeting is the unit's opportunity to hear all of the findings and to understand and clarify any facts surrounding the details of the findings

6.11.2 The findings may be presented one topic at a time by the auditor assigned to that topic or by the team leader. Each finding and summary of supporting evidence should be presented succinctly, followed by discussion and clarification, as needed, until everyone understands the nature of the finding. For each topic, the team should also briefly outline any positive items, such as programs that were recognized as strong or

exceeding the requirements.

6.11.3 At the end of the meeting, the team leader collects all notes and computer files generated by the audit team.

#### **6.12 Reporting Audit Findings**

After the audit, the team leader generates a written audit report at the direction of the audit team lawyer in accordance with ENV-800-G-PR-004.

#### **6.13 Follow-Up/Action Plans**

In accordance with ENV-800-G-PR-005, the unit staff conducts a root cause analysis of the findings presented in the audit report, then develops an action plan, the implementation of which is checked regularly by the unit manager, unit environmental coordinator and the division environmental manager.

### **7. Records/Reports**

7.1 ASARCO Environmental Compliance Audit Protocols. Master copies of these are maintained and distributed by the project manager.

7.2 Audit Notes/Working Papers. The team leader collects and files all notes and computer files generated during the audit by the audit team.

### **8. Revision History/Reason for Change**

8.1 This is the first version of this document.

# **ENVIRONMENTAL COMPLIANCE AUDIT SCHEDULING AND AUDITOR SELECTION**

**Document Number: ENV-800-G-PR-002**

## **1. Purpose**

This document defines the procedure for scheduling environmental compliance audits and auditor selection.

## **2. Scope**

This procedure applies to audits conducted as part of Asarco's internal environmental compliance audit program, managed by a Technical Services Center project manager at the direction of the Legal Department.

## **3. Definitions**

3.1 None

## **4. Responsibility**

4.1 Under the direction of the Legal Department, the project manager is responsible for annually: establishing the list of audits to be held; setting the scope of each; ordering the audits by month; assigning audit team members; designating the audit team leaders; creating, issuing, and maintaining the audit schedule; establishing audit dates; and announcing each audit via a letter.

4.2 The environmental oversight coordinators advise the project manager in scheduling the audits, assigning audit team members, and establishing audit dates.

4.3 The unit advises the project manager in setting the audit dates.

## **5. References/Appendices**

Reference 5.1 is a format example subject to change and is not included in this Decree.

5.2 ENV-800-G-PR-001: Environmental Compliance Auditing

5.3 ISO 14012 (First edition, 1996-10-01)

## **6. Procedure/Work Instruction**

6.1 Under the direction of the Legal Department, in October of each year the Technical Services Center project manager establishes the list of audits to be held the following year and sets the scope of each. The schedule is submitted to the ASARCO Environmental, Safety and Health Policy Review Committee (as appointed by the ASARCO Management Committee) for review and approval.

6.2 Once the schedule has been approved, the project manager (a qualified auditor, as described in 6.3, below) and the environmental oversight coordinators schedule the audits by month and assign audit team leaders who satisfy the requirements of ISO 14012 (First edition, 1996-10-01). The division environmental oversight coordinator may serve as the audit team leader.

6.3 The project manager assigns at least two <sup>■</sup> qualified audit team members to each team, including one who qualifies as a team leader, taking into consideration qualifications and expertise of certain individuals and all requests made by the Legal Department, the environmental oversight coordinators, and units. “Qualified” means that they satisfy the requirements of ISO 14012 (First edition, 1996-10-01), with the exception of the on-the-job training requirements. Other qualified auditors or auditors in training from elsewhere in ASARCO may participate or assist in the audits.

6.4 The project manager issues the audit schedule to all units being audited and/or personnel assigned as audit team members. The schedule is updated and redistributed as necessary by the project manager.

6.5 Prior to each audit (usually 1-3 months), the project manager contacts the unit to be audited along with each key audit team member and determines the optimal dates for the audit.

6.6 The project manager then sends a letter to the unit manager to confirm the audit dates, identify the audit team leader and members, and describe the audit’s agenda, scope, and initial plans. The letter is copied to the environmental operations vice president, division environmental manager, audit team lawyer, lawyer responsible for directing the audit program, audit team members, and others, if necessary.

## **7. Records/Reports**

7.1 Audit Schedule. This is maintained and filed by the project manager.

7.2 Audit Confirmation Letter. These are issued and filed by the project manager.

## **8. Revision History/Reason for Change**

8.1 This is the first version of this document.

# **PRE-AUDIT PREPARATION FOR ENVIRONMENTAL COMPLIANCE AUDITS**

**Document Number: ENV-800-G-PR-003**

## **1. Purpose**

This document defines the procedure for pre-audit preparation for environmental compliance audits.

## **2. Scope**

This procedure applies to audits conducted as part of Asarco's internal environmental compliance audit program, managed by a Technical Services Center project manager at the direction of the Legal Department.

## **3. Definitions**

3.1 None

## **4. Responsibility**

4.1 The Technical Services Center project manager is responsible for confirming the availability of audit team members, discussing the audit plans with the audit team leader, and giving guidance and support to the audit team as needed.

4.2 The audit team leader is responsible for taking care of logistical arrangements and establishing the audit agenda and team member assignments.

4.3 The audit team lawyer is responsible for reviewing the most recent applicable audit report(s) and confirming regulatory applicability with local counsel, as necessary. This information is shared with audit team members.

4.4 When not acting as the audit team leader, the division environmental oversight coordinator is responsible for providing the audit team leader with environmental information about the unit and advising the project manager and audit team leader as needed.

4.5 Each audit team member is responsible for reviewing available unit materials pertinent to his/her assigned area(s), along with the appropriate ASARCO Environmental Compliance Audit Protocol(s). This will necessarily include applicable regulatory requirements, unit processes, and waste streams and emission points.

4.6 The unit to be audited is responsible for providing the audit team leader and division environmental oversight coordinator with information, as needed, and for facilitating the audit visit. The unit is responsible for ensuring its environmental files will be organized and accessible, providing the audit team with its own workspace, and making appropriate unit personnel available for interviews during the audit. The unit is responsible for planning to operate under normal conditions during the audit.

## **5. References/Appendices**

Reference 5.1 is a format example subject to change and is not included in this Decree.

5.2 ENV-800-G-PR-001: Environmental Compliance Auditing

5.3 ASARCO Environmental Compliance Audit Protocols

## **6. Procedure/Work Instruction**

6.1 Prior to each audit, the Technical Services Center project manager confirms the availability of audit team members, discusses the audit with the audit team leader, sends the audit team leader the names and phone numbers of the audit team members and unit personnel involved, and gives guidance and support to the audit team as needed.

6.2 The audit team leader serves as the main team contact. He/she is in charge of pre-audit preparation, including:

- Making/confirming necessary arrangements for team logistics (such as car rental(s), hotel reservations, maps, meeting times, etc.).
- Confirming arrangements for the opening meeting (time and place) with the unit manager.
- Making arrangements for safety briefing and security clearances with the unit environmental manager.
- Reviewing available permits and unit environmental issues with input from division environmental oversight coordinator.
- Assigning audit team members to regulatory areas in consultation with division environmental oversight coordinator
- Providing the appropriate ASARCO Environmental Compliance Audit Protocol(s) to the audit team members, in accordance with their assignments.
- Preparing and sending an audit agenda, list of required safety equipment, regulatory assignments, etc. (see Appendix A) to the audit team members.

6.3 The audit team reviews copies of the most recent audit report and action plan for the unit, provided by the audit team lawyer, and, if necessary, previous reports.

6.4 The audit team lawyer, in consultation with the audit team leader or appropriate team member, confirms that determinations by the unit environmental manager regarding applicability of the state and local requirements are correct.

6.5 Reserved

6.6 Each audit team member reviews available unit materials pertinent to his/her assigned area(s), along with the appropriate ASARCO Environmental Compliance Audit Protocol(s).

6.7 The unit to be audited provides the audit team leader with orientation materials, such as an organization chart, facility map, and process flow diagrams prior to the audit. (If this is infeasible, the orientation materials may be distributed to the audit team during the opening meeting.)

6.8 The unit makes plans to ensure that its environmental files will be organized and accessible during the audit, including:

- Environmental permits
- Written policies relating to environmental procedures, emergency plans, etc.
- Written management systems, SOPs, or task lists for environmental compliance

- Recent environmental surveys, reports, inspections, or compliance checklists
- Notices of violation, compliance orders, notices of abatement, etc.
- Previous action plans (including root cause analysis, as appropriate) addressing findings from previous audits.
- Training records

6.9 The unit makes plans to facilitate the audit by providing the audit team with its own workspace and by making appropriate unit personnel available for interviews during the audit.

6.10 The unit should be operating under normal conditions during the audit. If otherwise, the unit manager should request rescheduling of the audit, in accordance with ENV-800-G-PY-003 Environmental Compliance Audit Cancellation Policy.

## **7. Records/Reports**

7.1 Pre-Audit Memo to Audit Team. If the audit team leader issues a pre-audit memo, a copy is filed by the project manager.

## **8. Revision History/Reason for Change**

8.1 This is the first version of this document.

# **ENVIRONMENTAL COMPLIANCE AUDIT REPORT CONTENTS, DISTRIBUTION, AND DOCUMENT CONTROL**

**Document Number: ENV-800-G-PR-004**

## **1. Purpose**

This document defines the procedure for environmental compliance audit report contents, distribution, and document control.

## **2. Scope**

This procedure applies to audit reports generated as the result of audits conducted as part of Asarco's internal environmental compliance audit program, managed by a Technical Services Center project manager at the direction of the Legal Department.

## **3. Definitions**

3.1 None

## **4. Responsibility**

4.1 At the direction of the audit team lawyer, the audit team leader is primarily responsible for writing and issuing the audit report and for collecting all audit-related documents and evidence.

4.2 The audit team lawyer is responsible for advising the audit team leader in writing and issuing the audit report.

4.3 The audit team members are responsible for assisting the team leader in developing and reviewing the draft audit report, as needed.

4.4 The division environmental manager responsible for reviewing the draft audit report.

4.5 The lawyer directing the audit program is responsible for maintaining a controlled file of audit reports.

4.6 Recipients of audit reports are responsible for limiting their further distribution.

## **5. References/Appendices**

5.1 ENV-800-G-PR-001: Environmental Compliance Auditing

5.2 ENV-800-G-PR-005: Environmental Compliance Audit Follow-Up/Action Plans

## **6. Procedure/Work Instruction**

6.1 The overall goal of an audit report is to document the audit findings clearly and accurately and to communicate them to the appropriate levels of management in a timely manner.

6.2 After the audit, the audit team leader uses the findings presented at the audit's closing meeting, along with the team's notes and collected evidence to draft the audit report at the direction of the audit team lawyer. The report usually contains:

- An introduction.
- Purpose, date, and scope of the audit (Any deviations from the planned



scope should be noted.)

- Name, location, and brief description of the unit
- Names of the audit team members and their locations
- Audit findings as described in ENV-800-G-PY-001
- General instructions for unit response and follow-up (see ENV-800-G-PR-005 Environmental Compliance Audit Follow-Up/Action Plans).

6.3 As needed, the team leader has team members review, discuss, and revise the draft audit report for accuracy and clarity. Team members return any copies of the draft report and all work papers to the team leader. All audit-related documents should be marked “Confidential.”

6.4 The team leader sends the draft audit report to the division environmental manager for review and comment.

6.5 Within one month of the audit’s close, the team leader finalizes and distributes the audit report at the direction of the audit team lawyer. Usually, the audit report is issued to the unit manager, along with copies to the:

- Unit manager’s immediate supervisor
- Division environmental manager
- Division environmental oversight coordinator
- Lawyer responsible for direction of the audit program
- Technical Services Center project manager

6.6 Recipients of the audit report limit its further distribution by making copies of the report only when absolutely necessary.

## **7. Records/Reports**

7.1 Audit Report. The audit team leader issues the final report to a limited distribution. The lawyer responsible for direction of the audit program maintains a controlled file of audit reports.

## **8. Revision History/Reason for Change**

8.1 This is the first version of this document.

# **ENVIRONMENTAL COMPLIANCE AUDIT FOLLOW-UP/ACTION PLANS**

**Document Number: ENV-800-G-PR-005**

## **1. Purpose**

This document defines the procedure for environmental compliance audit follow-up and action plans.

## **2. Scope**

This procedure applies to audits conducted as part of Asarco's internal environmental compliance audit program, managed by a Technical Services Center project manager at the direction of the Legal Department.

## **3. Definitions**

3.1 None.

## **4. Responsibility**

4.1 Unit staff is responsible for conducting the root cause analysis for the audit findings, as appropriate, as specified by AMS 410 b.

4.2 The unit manager is responsible for preparation and implementation of the action plan.

4.3 The unit manager's immediate supervisor is responsible for approving the final action plan prior to its implementation.

4.4 The, unit manager's immediate supervisor and the division environmental manager, are responsible for reviewing the unit's progress and following-up with the unit, as needed, until a letter is received confirming that all audit findings have been addressed.

4.5 The division environmental oversight coordinator is responsible for independently confirming that the approved action plan addresses each of the issues raised in the audit report and that the plan is being effectively implemented.

## **5. References/Appendices**

5.1 ENV-800-G-PR-001: Environmental Compliance Auditing

5.2 ENV-800-G-PR-005: Environmental Compliance Audit Report Contents, Distribution, and Document Control

## **6. Procedure/Work Instruction**

6.1 The overall goal of an action plan is to respond to all audit findings in a timely manner.

6.2 Upon receipt of the team leader's audit report, the unit manager develops an action plan proposal with the assistance of unit staff, the audit team members, the Legal Department, and/or the Technical Services Center, as needed. The action

plan includes specific deliverables, responsibility assignments, root cause analysis (as appropriate), and a schedule.

6.3 Approximately one month after receipt of the audit report, the unit manager submits the action plan to his/her immediate supervisor for approval, with a copy to the audit team leader.

6.4 The plan is discussed and modified, as needed, until it is approved by the unit manager's immediate supervisor.

6.5 The final action plan is given to the unit manager's immediate supervisor with copies to the division environmental manager, audit team leader, division environmental oversight coordinator, and Technical Services Center project manager.

6.6 The action plan is implemented by the unit. Throughout its implementation, the unit manager submits quarterly status reports to the unit manager's immediate supervisor, with copies to the division environmental manager, audit team leader, division environmental oversight coordinator, and Technical Services Center project manager.

6.7 The division environmental oversight coordinator checks implementation of the action plan during his/her periodic visits to the unit. Any exceptions or comments related to addressing audit findings are communicated to senior management.

6.8 Upon completion of the action plan, the unit manager writes a letter to his/her immediate supervisor, with copies to the division environmental manager, audit team leader, division environmental oversight coordinator, and Technical Services Center project manager to confirm that all issues have been addressed.

## **7. Records/Reports**

7.1 Action Plan. The unit manager is responsible for preparation and implementation of the action plan.

7.2 Confirmation Letter. The unit manager is responsible for confirming in writing that the action plan has been fully implemented.

## **8. Revision History/Reason for Change**

8.1 This is the first version of this document.